

Chairman Louie Cononelos
Director David Ure

**Board of Trustees
School & Institutional Trust Lands Administration
Salt Lake City, Utah**

March 17, 2016

Minutes

Attending:

Board

Louie Cononelos
Jim Lekas
Tom Bachtell
Lonnie Bullard
Scott Ruppe
Roger Barrus
Mike Mower

Staff

David Ure
Kim Christy
LaVonne Garrison
Tom Faddies
John Andrews
Rodger Mitchell
Ron Carlson
Lisa Schneider
Deena Loyola
Jeff Roe
Stephanie Barber-Renteria
Nannette Johnson

Others in Attendance:

Tim Donaldson, Utah State Office of Education
Paula Plant, Utah State Office of Education
Karen Rupp, Utah State Office of Education
Natalie Gordon, Utah State Office of Education
Trudy Henderson, UEA
Tracy Miller, PTA
Sterling Brown, Utah Farm Bureau Federation
Scott Barney, Millard County
Margaret Bird, Universities
Wade Bitner, Tooele, County Advisory Committee

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Agenda**

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1. Welcome

Chairman Cononelos welcomed those in attendance. Organizational representatives joining the meeting included Scott Barney of Millard County, Commissioner Bitner of Tooele County, and Sterling Brown of the Utah Farm Bureau Federation.

2. Approval of Board Minutes

The Board approved minutes of the last meeting of the Board of Trustees.

"I make the motion to approve minutes of January 28, 2016."

Motion: Ruppe/Mower Unanimous

Roll Call:

Louie Cononelos – yes Jim Lekas – yes Tom Bachtell – yes Scott Ruppe – yes
Lonnie Bullard – yes Roger Barrus – yes Mike Mower – yes

3. Confirmation of Upcoming Meeting Dates

April	21	Salt Lake City	September	14-15	Tour/Meeting
May	19	Duchesne County	October	20	Salt Lake City
June	16-17	SLC & West Desert Tour	November	17	Salt Lake City
<i>July 10-14 WSLCA in Sandpoint, Idaho</i>			December	No Meeting	
August	18	Salt Lake City			

4. 4. County Advisory Committee, Northern Ute Tribe, & Public Comment Period

Commissioner Bitner arrived later in the meeting and was invited to make comments under this agenda item. Commissioner Bitner discussed the UTTR exchange and BLM horse management and encouraged SITLA to continue with efforts to keep the pressure on the decision makers.

Sterling Brown of the Utah Farm Bureau noted the tension that is mounting in the grazing community because of increased regulation mentioned during the WSLCA Report by Roger Barrus (summarized later in these minutes). Sterling said the Farm Bureau has the same perspective of a "one-up" approach occurring with federal entities to increase their authority.

Scott Barney, Economic Development in Millard County, expressed appreciation for the discussions taking place and the organized efforts in Millard and Emery Counties.

5. Consent Calendar

Consent

a. Adoption of Grazing Assessments for 2016-2017 Grazing Season

b. Request to spend pre-approved funds in Sienna Hills

There were no Board comments. These consent items will progress as presented.

Notification

c. Minor Development Transaction – Sienna Hills Shopping Center

There were no Board comments. This notification item will progress as presented.

Follow-up after Six Months

d. Requested Amendments to Three Pines & South Block Agreement

e. Requested Amendments to the Bluff Block OBA

There were no Board comments. These follow-up items will progress as presented.

6. Chair's Report

f. Beneficiary Report: SITLA Board Member Survey and Nominating Committee

Tim Donaldson discussed the SITLA Board of Trustees Nominating Committee and a survey distributed to current and past Board Members.

He outlined the committee's eleven members who submit nominations to the Governor for selection and confirmation by the Senate. Mr. Donaldson discussed the make up of the Board to have members representing non-renewables, renewables, and real estate. Consideration is given to the expertise of the expiring Board member in considering candidates.

Chairman Cononelos noted that the survey revealed a need for more training of new Board members, and clear notice to candidates of the time commitment required for Board members.

SITLA Nominating Committee

- Jennifer Johnson – Chair (USBE)
- John Baza – Vice Chair (Governor-DNR)
- Lowell Braxton (Governor-UT Petroleum)
- Dan Griffiths (USBE)
- Neil Walter (USBE)
- Jonathan Bates (Governor-USU/UofU)
- Leland Pollock (UT Association of Counties)
- Dave Thomas (USBE)
- David Bailey (Governor-Farm Bureau)
- Mark Compton (Governor-UT Mining Association)
- Jefferson Moss (USBE)

"Each board candidate shall possess outstanding professional qualifications pertinent to the purposes and activities of the trust"

The board SHALL represent the following areas of expertise

- 1- Nonrenewable resource management or development
- 2- Renewable resource management or development
- 3- Real Estate

Other Qualifications which are PERTINENT

- Business
- Investment Banking
- Finance
- Trust Administration
- Asset Management
- Law

SITLA Board Committees

- Oil, Gas, and Mining
- Development
- Surface and Water
- Governmental Affairs
- Audit Committee
- Exchanges, Legal, & Adjudication Review

The discussion also covered consideration for moving the appointment date to the Fall season rather than June-July expiration and appointment. No definite change was established.

b. WSLCA Report: Utah Delegation in Washington DC

Roger Barrus reported on the opportunities in attending the conference to learn through business and legislative meetings. The conference organization was of the highest caliber. Mr. Barrus provided a thorough overview of the meetings.

The Spring Conference was held in DC to give western land commissioners the opportunity to:

- Dialog with agency leaders to help them understand the regulatory impact they have on state lands and connected industries.
- Dialog with key elected officials who oversee and shape national policy.
- Independent visits with congressional delegations to discuss issues impacting state lands and key WSLCA initiatives.
 - ACE legislation (Advancing Conservation and Education Act of 2014 designed to enhance funding of public education and streamline the removal of school trust lands from within Federal conservation areas),
 - WSLCA positions on ESA and expanded federal air & water quality standards.
 - Utah's WSLCA delegation also focused on UTTR (Utah Testing and Training Range) land exchanges, the administration's regulatory impact to Utah's extractive industries, the PLI and potential designations of national monuments in Utah.

7. Director's Report

a. Director's Update

i. Legislative Update

- SITLA Initiated bills
- All on-going and one-time appropriation requests granted
- SB72 – School and Institutional Trust Lands Management Act Amendments (Sen. Dayton/Rep. McKell) – Passed
- SCR8 – Concurrent Resolution Approving the Test and Training Range Land Exchange (Sen. Stevenson/Rep. Sagers) – Passed
- Other bills impacting SITLA
- SB204 – Free Market Protection and Privatization Board Act Amendments (Sen. Stephenson) – Amended/Passed
- SB200 – Compensatory Mitigation Program for Sage Grouse (Sen. Van Tassell) – Passed
- SB80 – Infrastructure Funding Amendments (Sen. Adams) – Passed
- HB169 – Little Sahara State Park Designation (Rep. Eliason) – Amended/Failed
- HB430 – Hole in the Rock State Park Designation (Rep. Stratton) – Failed
- HB 341 1st Sub – Interlocal Cooperation Act Amendments (Rep. Nelson) - Passed

ii. Follow-up for Earning Potential of Grazing Permits

Director Ure explained the wide range of value for grazing from \$350 to \$1 an AUM. Many permits exchange within a family or with a neighbor. There are 200,000 AUM in the grazing portfolio.

Kim provided an overview of the enhancements to the grazing program using the agency website to list permits that are expiring. Mr. Christy explained that the rule outlines the process for advertising and the opportunity for an expiring permit holder to match the highest offer.

Sterling Brown, Utah Farm Bureau, discussed the state advertisement process. Mr. Brown noted that from 1940 to 2012 the Forest Service lost 76% of AUMs from either removal or suspended use.

Margaret Bird asked about grazing permits held by DWR. The discussion revealed that the DWR generally holds those permits for grazing elk and other wild life in support of the sale of hunting tags. Private land owners also lease land for the benefit of obtaining tags for their adjoining private land.

Kim also noted that DWR and some private land owners make land improvements that benefit SITLA.

Director Ure congratulated the Fish and Game for realizing elk and deer can graze on the same land as cattle.

- **New Business - Bitumen Analysis**

Following a discussion of the opportunities for bitumen in road repair and asphalt, Chairman Cononelos told Director Ure that the Board's approval is not necessary to invest in a study of the product available here in Utah.

- **Committee for Water Rights**

Director Ure discussed how there is an awareness for varied interests in water rights within the trust family. These interests make the importance of good communication even greater. Director Ure asked if a water rights committee would be of interest to the Board. Chairman Cononelos expressed support of the idea.

b. Amendment of R850-90-200. Exchange Criteria

Kim explained how the rule amendments define the discretion by the director to exceed the 25% threshold for cash. For example, the Agency is interested in acquiring 600 acres in Beaver County, which is currently leased for a scout camp. A donor is willing to donate land for an exchange. The values of each property results in a need for cash to complete the deal. The Agency has discussed an idea with Division of Wildlife Resources (DWR) for another iteration for the 5600 West Exchange. The Department of Transportation (DOT) needs additional land from DWR. In order to make the exchange work, the Agency is looking at offering trust land in Sage Grouse Management Areas to DWR. This discussion outlines a three-way exchange for DWR to get sage grouse land, DOT will get land for the Mountain View Corridor, and the Agency will receive cash. The amendment to the rule may be necessary to equalize values for an exchange. The current rule limits the Agency's options.

R850-90-200(1)(b) currently limits the amount of cash acceptable in an exchange to 25%. This could cause the Agency some problems in the near future. Therefore, the changes outline the option for the agency director's discretion.

The Board vote was unanimously in favor of the amendment.

"I make the motion to approve changes to the exchange rule R850-90-200."

Motion: Ruppe/Mower Unanimous

Roll Call:

Louie Cononelos – yes	Jim Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

c. Report on the Upcoming May Land Auction

Kim reviewed sixteen parcels that will be sold at auction on May 25. This includes a 4-acre parcel in Washington County which is being sold on behalf of the Department of Agriculture. He also outlined the expanded use of the agency website to share information about the parcels. Kim provided the Board with an understanding of the process and how the agency determines who can participate in the oral bids. He also explained the agency may choose not to disclose the minimum acceptable bid. Kim encouraged Board members to try and attend the auction to see how the process works.

d. Exchanges and Pending Litigation Update

Prior to going into closed session John Andrews provided an update on the PLI and UTTR exchanges. Representative Rob Bishop is working on modification to the PLI based on environmental groups stated opposition to the initiative. He projected the modifications may be ready in a few weeks. John also noted that SITLA joined the State of Utah in planned amendments regarding Sage Grouse.

CLOSED SESSION

The Board continued the exchange discussion in closed session

"I make the motion to go into closed session for a discussion item to involve exchanges, pending litigation, and personnel matters."

Motion: Ruppe/Bullard Unanimous

Roll Call:

Louie Cononelos – yes	Jim Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

e. Personnel Discussion

Upon return to open session the Board voted unanimously to grant an interim bonus as outlined in the Director's hiring offer.

"I make the motion that the Board approve a portion of the compensation package that was offered to Director Ure upon hire and that the Board extend an interim bonus in the amount of \$3,000 to be paid by April 1 of this year."

Motion: Lekas/Bullard Six - Majority

Roll Call:

Louie Cononelos – yes	Jim Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – Abstained	

Adjourn